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FISCAL IMPACT REPORT

SPONSOR <u>Gonzales</u>	LAST UPDATED <u>3/12/25</u>
	ORIGINAL DATE <u>3/6/25</u>
SHORT TITLE <u>Public & Charter School Financial Monitoring</u>	BILL NUMBER <u>Senate Bill 516/aSEC</u>
	ANALYST <u>Liu</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 247
Relates to appropriation in the HAFC Substitute for House Bills 2&3

Sources of Information

LFC Files
Legislative Education Study Committee (LESC) Files

Agency Analysis Received From
Public Education Department (PED)

SUMMARY

Synopsis of SEC Amendment of Senate Bill 516

The Senate Education Committee amendment to Senate Bill 516 makes the adoption of the financial monitoring system optional. PED will only synthesize available data collected from schools that adopt this system.

Synopsis of Senate Bill 516

Senate Bill 516 (SB516) appropriates \$10 million from the general fund to the Public Education Department (PED) for a financial monitoring system to collect and analyze record-level data for operational and programmatic expenditures and for student demographics, performance, and outcomes. The bill requires all districts and charters to adopt this system, publish a report of the data each year, and use the data to determine the effect and return on investment (ROI) of school spending on student achievement. Districts and charter schools may use a commercial data analytics service to meet these requirements.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund. Although the bill does not specify future appropriations, establishing a new grant program and annual reporting requirement will require ongoing operational costs in future fiscal years; therefore, this cost is assumed to be recurring.

The HAFC substitute for House Bills 2&3 (General Appropriation Act) does not include an appropriation for this monitoring system; however, the budget includes \$12 million for PED to establish a statewide student information system (SIS). The bill also includes \$1 million to PED to monitor and evaluate various pilot projects over the next few years.

SIGNIFICANT ISSUES

Provisions of this bill would allow PED and schools to adopt a monitoring system that combines financial and student achievement data to produce an ROI on school spending practices. PED currently houses school financial data and student data in separate databases, primarily the Operating Budget Management System (OBMS) and Student Teacher Accountability Reporting (STARS) system. As such, school districts and charter schools also report financial data and student data separately using multiple IT systems, and most entities do not have a practice of linking these datasets together.

A 2024 LFC evaluation noted STARS (currently upgraded to a system called Nova), pulls data from multiple student information systems (SIS), which each district or regional educational cooperative buys individually. These SIS collect data on student attendance, achievement, and demographics but are often separate from school financial accounting systems. Achievement data from multiple test vendors are also typically housed on separate platforms. Provisions of this bill require these functions to be connected to calculate a ROI for specific programs within school districts and charter schools. Given the layers of data systems and processes that would need to be connected and coordinated to meet the bill’s requirements, it is likely schools and PED would need to contract with a commercial provider to universally build this system and retrain all personnel involved on developing an inventory of programs at each school site.

Student Information Systems in New Mexico Districts and Charters

	Number	%
Edupoint/Synergy	23	12%
Infinite Campus	9	5%
JupiterEd	7	4%
MarkersPro	7	4%
Pearson	1	1%
PowerSchool	111	59%
Rediker	1	1%
Skyward	18	10%
None	11	6%

Source: PED

New Mexico’s education data systems are inefficient and cost more than other states. In New Mexico, 59 percent of districts use PowerSchool as their SIS while another roughly 12 percent of districts, including Albuquerque Public Schools, use Synergy. Districts frequently buy their own SIS and will issue a request for proposals (RFP) individually rather than working with other districts to collectively purchase the software, although small districts may work with their local regional education cooperative to collectively purchase an SIS.

PED upgraded STARS to Nova in 2024 to integrate data from multiple SIS statewide and to collect data in a usable format for state use. One of the goals of the \$6.5 million Nova system upgrade, which began in 2019, was to have real-time data for statewide decisions. However, in

its first year of use, Nova was not providing real-time attendance data at the state level, and PED did not track how frequently districts uploaded information as long as they met basic requirements of uploading data three times a year at the 40th-, 80th-, and 120th-day intervals.

A 2017 Thornburg Foundation report found New Mexico's education systems result in more staff hours than comparison states that have more modern data systems and that New Mexico's systems cost more. Specifically, when adjusting for inflation, New Mexico spends approximately \$49 per student on its SIS while Nevada spends only \$7 per student. Beyond the dollars spent on these systems, New Mexico school districts spend up to 15 thousand staff hours annually on complying with reporting requirements and 66 percent more resources on reporting than peers in states with advanced data collection systems. Nevada and Delaware have a unified state SIS while Texas provides options for districts to use a statewide SIS rather than have districts purchase and maintain their own SIS.

Schools currently have multiple reporting requirements focused on student improvement. In addition to the attendance improvement plans, schools also submit school improvement plans (90-day plan) and a multi-layered system of supports plan (MLSS plan) to PED. While these three reports have slightly different goals, each focuses on improving school performance by examining student learning, social-emotional components, and attendance.

PERFORMANCE IMPLICATIONS

A 2019 LFC Results First report noted while many interventions have positive outcomes, interventions that provide teachers with learning and growth opportunities, as well as extended learning time and other academic and nonacademic student intervention, targeted to individuals or small groups, have relatively higher benefit-to-cost ratios. Selecting proven, evidence-based interventions can increase the likelihood of meaningfully improving outcomes. Interventions must also be implemented with fidelity, or according to prescribed models, to achieve expected benefits.

Research suggests that, while overall increases in school funding may improve student outcomes, effects are small. Increased funding that focuses on instruction and support services can yield better outcomes, although improvements in outcomes are typically still modest. A 2016 study from the *Quarterly Journal of Economics* looked at school finance reform lawsuits to estimate the effect of exogenous (or externally imposed) funding increases, and found a relationship between increased funding and outcomes, concluding that a 25 percent increase in per-pupil spending across 12 years of school can eliminate average achievement gaps.

ADMINISTRATIVE IMPLICATIONS

Provisions of this bill would require school districts and charter schools to publish a financial monitoring report on June 30 each year on their websites and submit the report to PED. The department must then synthesize the data to determine the effectiveness of school spending on student achievement statewide and provide an ROI report to the governor and Legislature on October 1 each year. The report would include recommendations for optimizing future spending for maximized improvement in student achievement.

To calculate an ROI on spending practices and student achievement, each school district and

charter school would need to create an inventory of programs and account for spending on each program. OBMS currently houses district and charter school financial data at the local educational agency level, which aggregates spending in larger categories, such as personnel salaries or capital expenditures. The system does not capture information at the school site level nor program level (such as how much a school spends on its bilingual program). To calculate ROI effectively, each district and charter would need to create an inventory of all programs and add accounting codes to tie expenditures to these programs. This level of tracking program expenditures would exponentially increase data entry requirements using existing data systems. As such, the state would need to create new accounting procedures or establish a parallel system to its existing databases.

Further complicating the required analyses of this monitoring system is high student and educator mobility in New Mexico, as a significant number of students and educators change locations each year. Attributing certain programs or interventions to the performance of these students who move around and providing a statewide benchmark of program effectiveness (given variations in implementation and fidelity of programming) would create complex challenges in calculating a program's ROI.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to Senate Bill 247, which requires PED to publish state summative assessment data by September 1 of each year.

This bill relates to an appropriation in the HAFC substitute for House Bills 2&3 that appropriates \$12 million for PED to establish a statewide SIS. The budget also includes \$1 million to PED to monitor and evaluate various pilot projects over the next few years.

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